GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3740
ANSWERED ON:24.03.2017
Effects of Demonetisation on Micro Finance Industry
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Will the Minister of FINANCE be pleased to state:

(a) whether according to the report by Microfinance Institutions Network (MFIN), demonetization took a heavy toll on cash driven micro finance industry as both the number of loans given and amount disbursed fell significantly in the December quarter;
(b) if so, the details thereof and loans provided to micro-finance industry during the last six months, State/UT- wise; and
(c) the corrective steps taken/being taken by the Government in this regard?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) & (b): As per MFIN, Micro Finance Institutions (MFIs) disbursed 59.22 lakh loans worth Rs.12,424 crores during Oct-Dec Financial Year (FY) 2016-17 as compared to 79.82 lakh loans worth Rs.14,707 crores during Oct-Dec FY 2015-16. As per information furnished by Reserve Bank of India (RBI), region wise details of total borrowings of NBFC-MFIs with asset size more than Rs.500 crores as at end of September 2016 and December 2016 are furnished as per Annex.

(c): RBI has removed all restrictions on cash withdrawl from Current as well as Saving account with effect from January 30, 2017 & March 13, 2017 respectively. Further RBI vide circular dated November 21, 2016 and December 28, 2016 has advised all entities regulated by them to provide an additional 90 days beyond what is applicable for the concerned regulated entity (RE) for recognition of a loan account as substandard, in specified cases.
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Annex

Total Borrowings of NBFC MFIs of asset size > Rs 500 Crores
As at end of September 2016

Region	Number of Companies	Total Borrowings (Rs in Crores)
Ahmedabad	1	511
Bengaluru	6	19,130
Bhubaneswar	1	974
Kolkata	2	810
Chennai	4	2,722
New Delhi	3	4,718
Guwahati	1	578
Hyderabad	3	2,335
Kanpur	2	2,413
Mumbai	3	7,518
Total	26	41,709

Source RBI

As at end of December 2016

Region	Number of Companies	Total Borrowings (Rs in Crores)
Ahmedabad	1	719
Bengaluru	5	19,919
Bhubaneswar	1	1,170
Kolkata	2	859
Chennai	3	2,799
New Delhi	3	5,176
Guwahati	1	549
Hyderabad	3	2,331
Kanpur	2	2,705
Mumbai	3	7,932
Total	24	44,159

Source RBI